



# MONEY, MARRIAGE, AND MILITARY LIFE

By Rachael Hoagland and Ron Granieri, June 15, 2021  
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**Ron Granieri:** Welcome to A BETTER PEACE, the War Room podcast. I'm Ron Granieri, professor of history at the Department of National Security and Strategy at the U.S. Army War College and podcast editor of the War Room. It's a pleasure to have you with us. The modern Army is built on the idea that all soldiers are treated equally. As long as they meet the requirements of their assignments, they will be evaluated and promoted accordingly in a system built solely on accomplishment and merit, and yet there are differences in the way soldiers are treated, especially when it comes to compensation. The most important difference here is between married and single soldiers. Although no one disputes, the logic of family allowances for those maintaining multiple households, the range of benefits available only to married soldiers may have wide-ranging unintended negative effects, from encouraging unwise or hasty marriages to undermining the long-term financial prospects of singles, thereby reducing the chances of reenlistment and the stability of the force.

Our guest today, **LTC Rachael Hoagland**, a member of the U.S. Army War College class of 2021, has devoted her strategy research project to the problems of differential compensation and their longer-term implications for Army recruiting, retention, and talent management. LTC Hoagland is a U.S. Army acquisition officer with 20 years of experience. While currently a student at the Army War College, she has already earned bachelor's degrees from both the University of Tampa and Hawaii Pacific University, as well as a Master of Science in Global Leadership from the University of San Diego. We are delighted to have her with us today to discuss her work. Welcome to A BETTER PEACE, LTC Hoagland.

**Rachael Hoagland:** Thank you. Thank you for having me.

**RG:** You bet. Rachael, how did your career and experiences lead you to this topic for your SRP?

**RH:** Well, I started out as an enlisted soldier, and I transitioned to an officer and that entire time adds up to about 24 years, and I'm considered someone who that entire time has not had dependents. What that means is I've never been married, and I've never had any children, so over

that 24 years, there's been lots of frustration for me knowing that I got compensated significantly different for doing the same job as my married peers or someone who has a child. Now, at the War College, I was provided the opportunity to take some time and really dig into that, to see what the effects are on the individual and the service as a whole.

**RG:** How does the current system treat married service members differently from singles?

**RH:** Sure. There's lots of different compensation differences, but our current compensation system is overly complex, antiquated system that really rewards behaviors outside of the workforce, such as getting married or having children, over talent management. Just to give you a quick example of what I'm talking about there, an E-4 who gets promoted to E-5, known as a sergeant in the military, they gain additional responsibility, gets about a 6% raise. However, an E-4 who gets passed over for promotion, doesn't get promoted, but gets married, gets a 9% raise. In that way, we're really rewarding behaviors outside of the workforce over performance. I don't think that's really what the military intends.

**RG:** The difference that you point out is a pretty stark one there for enlisted soldiers. How, if at all, is it any different when we're talking about officers? Are officer compensation levels more equitable than that?

**RH:** No, they're the same. The most dramatic change, really, is in a Private, which is someone who is new to the military, usually their first year in, and they're required to live in barracks, dormitories, or on a ship. That's where the biggest disparity comes in. To give you an example, they make \$20,000 a year. If they were to get married and move off-post and get the allowances, they get basic allowance for housing, that's what we call "BAH," to subsidize their rent, which is tax-free. They also would get a basic allowance for subsistence, which is meant for food for the soldier to purchase. Now, if they lived in the barracks, clearly, they're provided housing and they're provided food, so they don't get that cash. But that cash adds up to \$15,905 for a soldier that would be stationed, let's say, at Fort Hood.

Now, that is dramatic. That's a 76% increase in their salary because they got married and now, they're not having to live in the barracks and they can have their freedom. No one's coming in and inspecting their home. They don't have to have a roommate. There's not drug dogs coming in. They're not put on all these duties, fire watch, and different things that they have to do. It's not only about pay, even though that is significant, it is also just about quality of life for them. In this way, I think that's where you start to look at what behaviors are we rewarding and sometimes we reward bad behaviors because they're desperate to get that \$15,000, 76% increase, which is all tax-free, that 76% increase would be tax-free, so they're desperate to get out of the barracks, get that extra money, and that often gets people into different, bad situations that maybe they shouldn't be in.

**RG:** It certainly could. Well, and in your research, you talked about the longer-term consequences of this kind of differential treatment. What are some of those consequences?

**RH:** Yeah, there's definitely, the military is always looking at readiness. I took a look at this and saw that we had a health issue here that I was surprised about that I had never really understood, or I don't think anyone has looked at before, but based on that, I told you, "Hey, you make an extra \$15,000 a year, almost 16,000 tax-free." That may cause someone to get into a premature marriage, which premature marriages aren't well thought out. They're not grounded in good habits and behaviors and relationships that you want and then they end in early divorce. When that happens, when someone gets divorced, they have a higher risk of cardiovascular disease, an increase in early death, and they are 4% more likely to commit suicide.

Suicide is something that the military looks at and we have a problem with, but now, we are rewarding bad behaviors where someone gets into a premature marriage because of the financial difference and they get divorced, and now, we also increase their suicide risk. I think this is something the military really needs to look at. But if you do that on the flip side, and you look at that for a single service member, if they don't feel like they're part of a community, they feel like they're expendable because they're not getting paid as much, they're not being able to live off-post, they also have a higher risk of cardiovascular disease and early death.

**RG:** I ask this as a civilian employee of the Army, somebody asking someone who's worn the uniform for 24 years: If I am a single soldier and I choose to live off-post, well, first of all, is that choice available to me? If I make that choice, do I get a BAH at all?

**RH:** That's depends. It's always a very tricky question because typically, we require someone up until the rank of E-4, E-5 to stay in the barracks, or on the ships, in the Navy's case. Now, it's all up to the commander's discretion. I like to use it this way: It's really up to the compassion of the stranger, even myself as a lieutenant colonel, soon to be a colonel in the Army, I still have to get permission to live off-post and to get my BAH, essentially, so you're always reliant on them. But for the junior soldiers in the military, they really are in a bad spot because they have to ask for it and it's never guaranteed because if they have accommodation for them on post, they would not receive it.

**RG:** Mm-hmm (affirmative), so it literally, it's up to the commander to decide.

**RH:** That's right.

**RG:** If you're married, no commander is going to tell a married soldier that that soldier has to live on-post if they have the option.

**RH:** That's right.

**RG:** Well, this gets to the crux of the question. I know that we've talked about your research before this meeting and you've written your paper, you've gotten feedback on it. Where do you see the possibilities for improving these differentials while also taking into account that a happily married soldier with a family, right, the Army needs to do some taking care of that person, but where are the places you think that compensation could be equalized in a way that is fair to the single soldier and good for the force?

**RH:** Yeah. I think that if we want to still require single service members to live in the barracks, dorms, or on the ship, then that's fine. I understand that as part of their assimilation process into the military. However, we shouldn't be financially harming them for that. My recommendation would be we privatize on-post housing, so when you drive on a military installation, you see all different ranks living in all different types of accommodation on-post. They look like houses. They have garages, they have toys out front, swing sets, and all that sort of thing. They get their BAH and then that BAH has turned over to the company for that accommodation. I recommend that we privatize the barracks in the same way and give single soldiers the money so they get the money and they pay the equivalent of whatever a dorm would be where you're sharing a room and a bathroom and all of that and then they get to keep the extra cash the same way that married soldiers do or single soldiers that are more senior that live off-post.

**RG:** Mm-hmm (affirmative), because the idea is that if I'm a smart soldier, and of course, all of the soldiers in the United States Army are smart, but if I'm a smart soldier and I take my BAH, if I find good and appropriate housing that costs less than my BAH, I do get to keep the difference, right?

**RH:** Yeah. In the continental United States, that is true. Overseas housing allowance is different. When you're stationed, say, somewhere like Korea or Germany, then they only pay your exact amount of rent up to a certain amount. In that case, then you're not able to bank the money, but in the continental United States, that is correct. If I get \$1,000 for BAH a month and I only spent 500 of it, then you're able to pocket that additional money.

**RG:** Tax-free?

**RH:** Tax-free, correct.

**RG:** Tax-free. Even if it's just a little bit of money, right? A little bit of money tax-free every month, that does add up. If that is only available to some soldiers and not others, right, this is where we talked about the problem of wealth-building among individual soldiers, right? Are they allowed to make a little extra money, put it aside, put it in the bank? What other forms of

compensation exist that are treated differently between married and single soldiers in addition to the BAH that we've already discussed?

**RH:** Well, I'd like to just go back for a second because you said something really key.

**RG:** Oh, sure.

**RH:** That's about a single service member's ability to gain long-term wealth. What I'm really talking about there, and most people don't know this, and I actually have a bit here. I hate to do this, but I'm going to read a little snippet of the Financial Management Regulation. We call it the FMR.

**RG:** All right.

**RH:** It's talking about what single soldiers get. I apologize for reading, but it's only a sentence: "BAH partial is paid when a service member without a dependent is assigned to single-type quarters or is on either field or sea duty and not authorized to receive BAH," or the overseas housing allowance that we just talked about.

**RH:** Now, that is critical because here's what I don't think a lot of married service members understand, or maybe our congressional leaders do not understand: That means that when that soldier goes to the field, is on board a ship, or deploys, they lose their basic allowance for housing. I'll give you just my personal example. When I was in Qatar and I served there for a year, I lost my basic allowance for housing, dropped down to BAH partial, which means you get a percentage of it, which works out to be about \$600 a month, while my married peers were able to keep their entitle amount of money for BAH and whatever other entitlements they were getting. That could have been upwards of my peer, same rank, doing the same job, taking on the same responsibilities, everything, was making about \$3,000 more than me a month tax-free. Because we lose that when we are in these environments, the same as if I'm hospitalized and I'm assigned to the hospital maybe for six months to a year because I have something going on and I'm hospitalized, I also lose it, but if you're married, you never lose it. A service member who goes to prison also gets BAH partial, so in this way, I always say, "Wow, the Army values my deployment status, or my field time status the same as a prisoner on a monetary value, right?" Financially, they'd give me the same amount of money as if I was in prison when I deploy, which is just crazy to me.

But this really gets down to because it fluctuates and single service members can't depend on it because they lose it, I mean, when you're losing \$2,000 a month for a year because you're deployed in tax-free money, that is substantial, and it hurts our ability to gain long-term wealth and home ownership. To give you an example, 51% of white males in America, wealth is tied up in home ownership. In black households, it's 71%. This is significant difference when you take

that money away from single service members when they go out to sea, or they go out to the field because they cannot depend on that money to do it and to pay their mortgage or whatever.

**RH:** Now, I'll give you another couple of examples of someone here at the War College. He is getting deployed. His wife wants to go to Korea to go back home and live with her parents rent-free for the year while he's deployed and he's going to collect and keep all that money for the basic housing allowance, even though they will not be paying rent anywhere. This is a cash compensation and this is all within the legal rounds. He's not doing anything illegal by the regulation. It's just quite a disparity in what a single service member can and can't do versus a married member, and so a lot of the junior soldiers when they're married and they deploy, often the female, especially if they have the spouse being the female has a small child, they'll often go back home and live with the parents rent-free for that year and get help with the child and all that great stuff, but they're able to keep that money, but we take it away from single service members and it really just adds up to a lot of money over time and that prevents them to be able to build long-term wealth.

**RG:** This gets into, really, a difficult question and you can decide how you want to answer this one. Which would be a better way to solve that problem, to make it use it or lose it on the BAH, that the married service member who is not paying rent because the spouse is living with family, then maybe they lose the BAH, or would it be better to allow all the soldiers to get the same amount, whether they are married or single?

**RH:** I'm a big advocate on it being the same amount.

**RG:** Mm-hmm (affirmative), mm-hmm (affirmative), yeah. The idea being that if soldiers were entitled to this part of their compensation, that it should be equal for members of the same rank, are there any forms of differential compensation between married and single soldiers that you would not recommend be changed? In other words, are there any differentials that you would essentially recognize as just or necessary that would be maintained even among the reforms you suggest in your SRP?

**RH:** Not from a cash compensation. From non-cash, being healthcare, child development centers, subsidized childcare, I'm not advocating taking any of that away. Those families absolutely need and deserve that. What I am talking about, though, in the cash world, I believe that everyone should be paid equally for doing the same job.

**RG:** Mm-hmm (affirmative). What are the obstacles to making these kinds of adjustments? In other words, these policies didn't grow up overnight, and obviously, they wouldn't change overnight either, but what do you see as the obstacles to making any kind of reforms to smooth out these differentials?

**RH:** Sure. Let's just talk about the elephant in the room.

**RG:** Yep.

**RH:** What would it cost to government to do this, right?

**RG:** Right.

**RH:** What would it cost to pay all service members equally? That's \$1.1 billion annually. The real problem in here, that's... I know, I see your face and I can see that you're shocked that that's wow, that's a large number, but just keep in mind, in the defense budget, that's only 0.15% of the overall defense budget, so it's really small, not-

**RG:** I couldn't decide... That's right, I couldn't decide to think whether that's a lot of money for normal people. I don't know, in the context of a \$700 billion defense budget, I don't know, a billion dollars is lost in the cushions of couches in the Pentagon. Go ahead. Sorry.

**RH:** ... Right. No, you're absolutely right. It's a large, shocking number and it turns people off from really looking at this reform. Even here at the War College, we teach the strategic choices framework, which you have to make decisions between modernization, readiness, and force structure. This would fall in, in my mind, it falls in the force structure bucket, what are we paying our service members, but it also affects the readiness bucket. It's not a zero-sum game and we teach it always like that: Well, it's either you choose modernization, you choose readiness, or you choose force structure. You're filling up these different buckets and to fill up that bucket, you've got to take from the other bucket.

That's not exactly true. My research showed that it costs like \$81,000 to recruit and train a service member and then it costs another \$2,000 to process them out of the military. On average, there's about 200,000 service members that leave active duty every year, so that adds up really quick. I did the math, and it takes about retention of 8% of our current force that would normally get out to stay to make up that \$1.1 billion, so in my mind, it's not a zero-sum game. Yes, you're going to probably have that first year, you're going to have to invest in it. But after that, you'd make that money back by saving cost on processing someone out, training them, outfitting them, recruiting them. You save that money quite quickly. You can't tell me that if I got a 76% raise, tax-free at that, that that's not a retention tool.

**RG:** Right. The numbers are fascinating, and I realize there's only so much we can predict, but do we have a sense of what, if you asked me, right, if somebody raised my pay 76%, they would be likely to retain me, but do we have a sense of what role compensation plays in retention of enlisted service personnel?

**RH:** We do. RAND did an interesting study that said if you raise someone's salary by 10%, you would get a 20% retention rate. The average disparity in compensation for an enlisted soldier is 30%, so we'd be well over that 10% that Rand was talking about.

**RG:** Interesting. Are there other forms of compensation? I was thinking, for example, about, say, education benefits that are treated differently between married and single service personnel that you think could also be included in a kind of package of reforms here?

**RH:** Sure. I believe you're probably talking about the Post-9/11 GI Bill?

**RG:** I am, yes.

**RH:** Yes. Okay, great.

**RG:** Because I read your SRP, so that's why. Go ahead.

**RH:** At least we're on the same track about what you're talking about.

**RG:** Right.

**RH:** Yes, the 9/11 GI Bill is given to a service member so that when they get out, they're able to get an education and they can pass that on to a spouse or a child. However, a single service member is not authorized to pass it on to anybody, so they can't pass it on to a niece, or a nephew, a brother, or a sister that could possibly use it. They have to use it or that money is lost. However, married service members are able to pass it on, like I said, to a dependent, which would be their spouse or their children.

**RG:** As a single service member who was, say, an aunt or an uncle and had a niece or nephew that was in need wouldn't be able to, even if they had a close familial relationship, even have a supervisory relationship over that child, if it's not their child, they can't share the benefit, is that right?

**RH:** That's correct. They would have to have claimed that child as their dependent and be supporting that child. I believe the number is paying over 50% of that child's bills and then they could claim them as a dependent. Then it may be different. I'm not overly familiar with all the rules and regulations on that. But I do know it's pretty basic that if it's just your niece and nephew and you don't claim them as a dependent, you're not authorized to pass it on. But we talked a lot about basic housing allowance and basic allowance for subsistence. Those are different. But there's other things. We talked about when a single service member deploys, they



lose their basic allowance for housing, so they lose that money. But guess what? Married individuals or those who have children make more money. They get a family separation allowance, which is \$250 a month. Doesn't sound like a whole lot, but you figure with exercises, deployments, people are gone six years. Six years times \$250 starts to really add up financially. Dislocation allowance is another one. Dislocation allowance. Every time we move in the military, we get dislocation allowance. The average difference of a married soldier versus a single soldier is about a thousand dollars. You say, "Oh, we move every two to three years," so say the average person moves eight times in their career. I mean, that's another \$8,000 tax-free that they're receiving and it goes on and on and on. The compensation system, that's why I said it's antiquated, it's complex, and it's got a lot of benefits that I don't think anyone realizes single soldiers don't receive.

The one that I get most upset about, or frustrated about, if you will, is the family separation allowance. When someone goes to the field for more than 30 days or on a deployment, anytime they're away from their house for more than 30 days, they get that money if you're married. Again, that's \$250 a month tax-free. A single service member is not afforded that. That just says, well, "Single service members don't have the same expenses as married service members." That's not true. I can speak from personal experience that when I leave for 60, 90 days, or a year, I'm going to have to throw out all my perishables in the refrigerator. When my military stores my household goods, I can't have anything like flour, sugar. Think of everything that you have in your cabinets; coffee, tea, sugar, your detergent, that all has to get thrown out and repurchased when you come back. Then that way, I mean, single service members have as much, if not, maybe more in some circumstances, expenses, because someone who is married, their spouse is continuing to use those things and they don't need to get discarded.

**RG:** Interesting. Rachael, obviously, you're completing your year at the War College. You've been working on this research project, which for those people who don't know the schedule here, right, those research projects are completed by early April, so you've had a chance to talk about this with advisors, to talk about this with your colleagues. If you don't mind my asking, what kind of responses to this topic, when you have brought it up with your fellow soldiers, have you gotten?

**RH:** Everyone tends to be, well, the War College, I don't know what the actual percentage is, but it's got to be in the high 90th percentile that are married here at the War College. First, it's a lot of pushback and quite a bit of anger because again, it's how we treat that strategy formulation framework. Everything's a zero-sum game: "If we pay single soldiers more BAH, then I'm going to get less BAH as a married service member, right?" Again, that's not true. There's a lot of anger and there's a lot of pushback and there's not a lot of movement for it.

However, when I start talking about, most of them also don't know what a single service member loses on deployment. They're very shocked to hear that basic housing allowance oftentimes is taken away if they're provided government quarters that are considered adequate. But yeah, I

don't think they truly understand. When I start talking that way, then they start to have this empathy and they start to understand maybe this isn't as fair as they thought it should be.

**RG:** Interesting. Can I ask you, how did your experience in the Army change from being an enlisted soldier to becoming an officer?

**RH:** In the context of compensation?

**RG:** The context of this experience talking about compensation, but yes, for somebody who is, because I'm thinking about there are two different axes of differentiation here, right? There's the enlisted versus officer and then there's the married versus single. How has your experience been going from being in a single enlisted person to being a single officer?

**RH:** Well, I think it's provided me empathy and always thinking about the soldier because I was there because I know what it was like. I mean, I said that they make \$20,000, but I think when I was first enlisted, I want to say it was maybe \$12,000 a year. I remember what it was like to scrape by and worry about whether I was going to be able to pay my bills every month, so I always keep them in mind. I'm frustrated, but I'm at a point in my life and career where I can absorb losing the BAH and that sort of thing, but I remember back and being enlisted and I think, "Gosh, I wish I would've known all of these ins and outs and I would have been educated on it and what impact it would have."

As an officer, and because the system is so complex that it's taking me years, and really, even until the research project, there was things that I didn't know we did. I'll give you an example: BAH differential. BAH differential is when someone is court-mandated to pay child support, but in all other purpose is considered a single soldier, lives in government quarters. They get subsidized to pay their child support. They get the difference between single and married BAH. I see you raising an eyebrow there. Right, so in this way, we reward a behavior that, okay, well, they can have an illegitimate child and not ever have to pay a dime out of their base pay, out of their pay because we subsidize it in a way and pay them BAH differential when they're court-mandated to pay child support. What might shock you is that even a four-star general or a four-star admiral would get BAH differential if they were living in the quarters. We call them quarters ones, which tend to be these giant, beautiful houses are mansions on a post. They're living in there. Maybe they're single, but they get that house because of their job and they're court-mandated to pay child support. That four-star, the same as a private, would get that BAH differential.

**RG:** I'm pausing for a minute there because that is the kind of thing that leaves you feel a little speechless. I was also thinking that it is interesting in the Army to think that a quarters that are connected to your assignment, so that can be either the residents of your command, the commandant of an installation, or the forward operating base of someone who has been

deployed, right, that either way, the Army looks at it as you're living in the quarters that are assigned to you by the Army because of your assignment.

**RH:** Correct.

**RG:** Is that right? Wow. Well, that's something I guess we'd have to talk about another time. But for this, right, I know a difficult, controversial subject, right? The Army wants to keep soldiers, wants to make sure soldiers are paid adequately, wants to make sure soldiers are retained, wants to make soldiers feel as though they are understood and appreciated, and so the question of we do so many other things in the Army to make everybody feel like they are equal, right, you wear the same uniform, you know where you stand when you're at a particular rank. I really appreciate your highlighting this particularly knotty problem or set of problems. I'm curious to see, Rachael. I hope that you will let us know what kind of response your SRP gets and then what comes from it. We thank you very much for joining us today on A BETTER PEACE to talk about your research.

**RH:** Well, thank you for having me.

**RG:** Thank you to all of you for listening in. Please send us your comments on this program and all of the programs and send us your suggestions for future programs and subscribe to A BETTER PEACE if you have not already because, of course, you would like to subscribe to A BETTER PEACE so you will not miss a single one of these conversations. After you have subscribed, please take a moment to rate and review this podcast on the podcatcher of your choice because that helps other people to find us as well. We're always interested in growing this community and we are interested in hearing from you. We hope that you will join us for future conversations but this one is over. Until next time, from the War Room, I'm Ron Granieri.